

## **BILL ANALYSIS**

Senate Research Center  
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H.B. 74  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Department of Housing and Rural Affairs must distinguish between rural and urban communities for the purpose of distributing federal low income housing tax credits. The existing definition of a rural area for this purpose is:

- (1) an area that is not within the boundaries of a metropolitan statistical area (MSA); or
- (2) an area that is within the boundaries of an MSA but has a population of fewer than 25,000 and does not share a border with an urban area.

Accordingly, a small community that borders an urban area within an MSA cannot qualify as rural, and is considered urban. Then, any small town that shares a border with *that* area also cannot qualify as rural according to the definition above. This creates a chain of "urban areas" that are not truly urban, which prohibits characteristically rural towns and cities from receiving low-income housing tax credits that are reserved by the Texas Department of Housing and Community Affairs (TDHCA) only for rural areas.

This bill would create an alternative method for a small area within an MSA to qualify as a rural area. It would allow the governing body of the applicable political subdivision to pass an ordinance or order seeking the rural designation and stating that the area is a rural area for the purposes of participation in the federal low income housing tax credit program. Upon receipt of the order or ordinance, TDHCA would be required to designate that area as rural for the purposes of participation in the federal low-income housing tax credit program, provided that doing so complies with any applicable federal requirements regarding that assistance.

H.B. 74 amends current law relating to financial assistance administered by the Texas Department of Housing and Community Affairs in certain rural areas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 2 (Section 2306.0075, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 2306.004(28-a) and (36), Government Code, to redefine "rural area" and "urban area."

SECTION 2. Amends Subchapter A, Chapter 2306, Government Code, by adding Section 2306.0075, as follows:

Sec. 2306.0075. DESIGNATION OF CERTAIN AREAS AS RURAL. (a) Provides that this section applies only to an area that is located within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, and has a population of 25,000 or less.

(b) Requires the Texas Department of Housing and Community Affairs (TDHCA) to designate a statistical area described by Subsection (a) as a rural area under Section 2306.004(28-a)(B)(ii) (providing that the area is designated by TDHCA

as a rural area) for purposes of receiving financial assistance administered by TDHCA under this chapter if TDHCA receives an ordinance or order:

(1) adopted by the governing body of the applicable political subdivision seeking the designation described by this subsection; and

(2) stating that the statistical area is a rural area for purposes of receiving the financial assistance.

(c) Provides that for purposes of Subsection (b), the governing body of a census-designated place identified by the United States Census Bureau is the commissioners court of the county in which the place is located.

(d) Requires TDHCA to adopt rules ensuring that financial assistance provided to a designated rural area complies with any applicable federal requirements regarding that assistance.

SECTION 3. Effective date: September 1, 2015.